



European
Automobile
Manufacturers
Association

A Future EU Transport Policy

ACEA Priorities



August 2014

KEY MESSAGES

- a. Efficient transport is the backbone of EU's growth and competitiveness, and acts as the link between all other sectors. There simply would be no prosperity without transport.
- b. The European automobile industry is a global leader in supporting the transport of goods and the mobility of people through ongoing investments and innovation. Trucks and vans transport over 75% of freight transported over land (or about 90% of the value of all goods), and cars are responsible for 80% of passenger travel. The solutions the industry provides contribute to quality of life and economic growth. The industry is committed to continuing to shape future transport policy in a sustainable manner.
- c. As stated in the European Commission's recent Communication on a future climate and energy package, the delivery of greenhouse gas emission reductions should follow a cost-efficient approach that takes account of current political and economic circumstances.
- d. Europe's automobile industry directly or indirectly supports 12.6 million jobs, is responsible for €32 billion in annual R&D investment, and contributes €95.7 billion in net exports and over €385 billion in tax contributions to the EU economy. As a key pillar of Europe's industrial base, it fully supports the Commission's objective of raising industry's contribution to GDP to 20% by 2020. If this vision is to be achieved, the EU's 'industrial renaissance' and climate protection must go hand-in-hand, as part of an integrated EU policy.

KEY RECOMMENDATIONS

- a. Use the most efficient transport mode for each transport task and fostering technology-neutral innovation
- b. Take account of market realities
- c. Adopt an integrated approach
- d. Focus on a more efficient use of improved infrastructure
- e. Integrate sustainable transport into urban policies
- f. Improve transport statistics to enable sound regulation

A FUTURE TRANSPORT POLICY: ACEA PRIORITIES

A. Use the most efficient transport mode for each transport task and foster technology-neutral innovation

1. The 2011 White Paper on Transport Policy introduced a target to reduce GHG emissions from the transport sector by 60% by 2050 compared to 1990.
2. Total GHG emissions from transport have grown since the 1990s. This growth is due to the increase in transport demand over the period. However, thanks to the automobile industry's investments in innovative technologies, the impact of this increased demand has been dramatically mitigated.
3. All existing forecasts show that demand for passenger and freight transport will continue to increase in line with GDP and trade growth. Curbing mobility is not an option. All modes of transport (air, rail, road, sea and waterways) will need to increase their supply and efficiency in order to cope with this growing transport demand and to meet ambitious environmental targets.
4. The European automobile urgently calls for a more realistic and forward-looking transport policy. This means a transport policy that integrates all modes of transport in a complementary way, and allows the most efficient mode to be used for each particular transport task. This is the principle of 'co-modality'. Although some modes may be in competition for the transport of specific passengers or commodities, in general modes each have very distinct characteristics and are therefore complementary. Moreover, no mode is, per se, friendlier for the environment than another. Co-modality will deliver the best societal, economic and environmental results.
5. Co-modality was the guiding principle of the EU transport policy in the 2006 White Paper Mid-term Review, following a broad consensus that the previous strategy of shifting from road to other modes ('modal shift') had failed to meet the needs of society. Co-modality was unfortunately abandoned in the 2011 White Paper in favour of a modal shift approach. The automobile industry therefore urges for a return to a co-modal approach under the coming White Paper review.
6. As regards road transport, the automobile industry continues to invest in a wide range of alternative fuel powertrains for both passenger cars and commercial vehicles. Across all these alternative powertrains and fuels, major progress has been made.

Both manufacturers as well as local authorities are learning how best to develop and promote these new technologies. In the meantime a technology-neutral policy approach is required, in parallel to investments in the infrastructure needed for charging/refuelling alternative fuel cars and trucks.

RECOMMENDATIONS

- a. Promote the principle of “co-modality” as being at the centre of the future European transport policy.
- b. Maintain technological-neutrality regarding road transport, while further investing in alternative fuels infrastructure.

B. Take account of market realities

7. Despite the availability of alternative new technologies, market uptake is still weak. External factors which strongly influence demand for cleaner vehicles should be promoted, such as access to alternative fuels and reliable and functioning charging points, level of fuel and vehicle taxation, oil price, fleet renewal incentives etc.
8. Since the White Paper was drafted, there has been very little progress on broad market acceptance of alternative powertrains¹. Some of the goals of the 2011 White Paper on Transport Policy are clearly not realistic and need to be reconsidered, reflecting the market realities for new vehicles, ie:
 - a. halving the use of conventionally-fuelled cars in urban transport by 2030 and phase out in cities by 2050;
 - b. achieving essentially CO₂-free city logistics in major urban centres by 2030.
13. Other objectives, like for instance shifting 30% of road freight over 300km to other modes, such as rail or waterborne transport by 2030 is neither realistic nor has any scientific basis.

¹ For instance, electrically-chargeable vehicles made up just 0.5% of the total passenger car market in 2013

RECOMMENDATIONS

- a. Set realistic, scientifically-based transport related policy targets.
- b. Continue R&D support for technological innovations.

C. Adopt an integrated approach

Integrated approach for reducing CO₂

14. Average CO₂ from new passenger cars has come down by close to 20% in 13 years, and fuel consumption from today's heavy duty vehicles is down at least 60% since 1965, both thanks primarily to technology measures. In order to continue making significant CO₂ reductions, it will be imperative to address all CO₂ reduction potentials in an integrated approach, rather than focusing on vehicle technology alone. The integrated approach must be reflected in the White Paper review, as ambitious environmental targets can become a reality if forces are joined:
 - The **infrastructure for alternative fuels and electrification** must be more widely deployed;
 - In the short term at least, customers must have **incentives** to buy and use the available solutions (eg taxation, toll schemes), to ensure a faster market penetration of new, more energy efficient vehicles;
 - **Energy sources** need to stay affordable whilst becoming renewable, in order to reduce overall CO₂ emissions;
 - **Integration between transport modes** must be improved;
 - The use of the current **transport infrastructure** should be optimised;
 - **Smart communications technologies** should be deployed on a large scale, both in the vehicle and the surrounding transportation infrastructure to further improve fuel efficiency and reduce CO₂ emissions. The potential of **ITS** should be further leveraged to ensure that traffic congestion can be eased or managed more proactively while reducing emissions.
 - More environmentally-friendly **driving behaviour** should be promoted ('eco-driving'). Even before fully connected vehicles come on the market, eco-driving tools can help drivers become more aware of surrounding traffic and infrastructure,

and to adjust their driving accordingly.

- In freight transportation, further use of innovations like the European Modular System (EMS) offer a low-cost approach that could markedly increase efficiency and reduce the environmental impact of heavy duty vehicles.



15. Within this integrated approach, cost-effectiveness is the most important driver to ensure further progress in reducing emissions. Some of the measures already adopted in the road transport sector are very expensive per tonne of CO₂, and some of the lowest cost opportunities for emission reductions in transport have not been exploited so far: better use of CO₂-based taxation for vehicles, support for eco-driving, better road infrastructure, better use of tyres, EMS and the optimisation of freight logistics.

Integrated approach for improving safety

16. As far as safety is concerned, over the last 30 years, vehicle technology has helped halve the number of fatalities, despite a three-fold increase in traffic volumes on European

roads. A commitment to road safety remains central to all vehicle makers' development plans.

17. Safety is a shared societal responsibility. This is underlined by the fact that 90% of all accidents are caused by the human element, such as poor anticipation, distraction and infringement of road traffic laws. Combining further improvements in road infrastructure and vehicle technology with complementary ITS measures, improved driver training, better road design and enforcement of existing traffic regulations promise the greatest benefits to society.
18. The environmental and safety benefits from new technologies will increase as new vehicles progressively replace old vehicles on the streets. The industry stresses the fact that the renewal of the current vehicle fleet will contribute more significantly to the reduction of emission levels and safety than the prescription of new technology. Imposing costly requirements on new vehicles is not necessarily the right way forward. The affordability of new vehicles is at stake.

RECOMMENDATIONS

- a. Ensure that all proposed policy initiatives are cost-effective and coherent with other measures (ie air quality, safety etc).
- b. Go beyond vehicle technology by adopting an integrated approach to both the safety and environmental aspects of road transport.
- c. Encourage measures that drive fleet renewal for cleaner and safer vehicles while maintaining their affordability.

D. Focus on more efficient use of improved infrastructure

19. Sustaining the competitiveness of the European economy will, among other things, require a higher-quality transport network. A new impetus is needed to create this. Building the infrastructure that will be required for tomorrow's mobility requires facilitating access to alternative fuels as well as making new technologies compatible across the entire transport network.
20. Policy makers should set funding priorities regarding transport infrastructure on the basis of 'efficient transport', and avoid giving priority to one mode over another. They

should develop a rigorous methodology to identify and select the projects that will benefit from public investment. All projects should be subject to strict environmental and socio-economic evaluations and to cost/benefit analyses.

21. In the EU, road transport infrastructure is falling behind that which is required for a modern economy. This is mainly due to a lack of investment. This has contributed to bottlenecks and increased congestion - and consequently to CO₂ emissions. This trend must be reversed. Europe should fund key transport projects that will not only modernise and expand its infrastructure, but will also reduce negative environmental impacts and create millions of jobs.
22. This is particularly so in view of the huge contribution that transport, in particular through road, makes to the tax revenues of Member States. Further charging for the internalisation of external costs is only acceptable if double taxation is avoided, if it is applied to all modes of transport and if the level of charge is fair and based on scientifically-measurable costs. The revenue collected should be earmarked for reducing the external costs for which the charge has been paid.
23. Infrastructure investments are also needed for Intelligent Transport Systems (ITS) which allow vehicles to communicate with each other and with road infrastructure. Such 'connected vehicle' technology enables vehicles to drive smoothly and safely, thus reducing congestion. A road infrastructure upgrade is needed in order to implement such powerful systems, which will also contribute to more effective traffic management.

RECOMMENDATIONS

- a. Invest in road infrastructure that match the requirements of new vehicles for Intelligent Transport Systems (ITS).
- b. Avoid double taxation: road charges must be revenue neutral and offset other existing taxes and charges.

E. Integrate sustainable transport in urban policies

24. Transport policies must be developed in a coordinated fashion, and mobility issues need to be mainstreamed in policy decisions at all levels. This will help deliver an appealing, interconnected transport system and to encourage companies and people to make

sustainable choices.

25. Traffic is a basic requirement of cities. It should be ensured that Europe's urban centres are easily accessible at any given time. The solutions to congestion should not focus on penalising or reducing vehicles, but rather on increasing traffic fluidity in order to respond better to mobility needs. With current transport demand and urban areas that are increasingly suffering from congestion and loss of efficiency, Europe should encourage innovative best-practice sharing, such as on the development of car-sharing, parking policy, investment in infrastructure, ITS, priority lanes, etc. The positive role of buses – the most cost-efficient mode of public transport - should be fully recognised.
26. The automobile industry is eager to be engaged in dialogue with all relevant stakeholders to find sustainable integrated solutions for urban mobility.

RECOMMENDATIONS

- a. Use measures that improve traffic fluidity rather than those that penalise traffic.
- b. Encourage further exchange of innovative best practices.

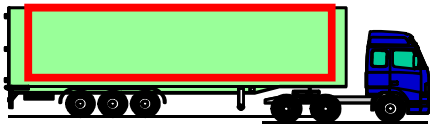
F. Improve transport statistics to enable sound regulation

27. Policy makers need to address one of the major problems faced by transport policy: transport statistics. In the EU, at least insofar as goods are concerned, the current method for measuring freight transport creates serious methodological concerns. The statistics available from official sources present only a partial view and can give a misleading perception of the efficiency of the various modes of transport.
28. An accurate and consistent measurement of freight outputs and efficiency across all modes is essential. In the EU freight transport is traditionally measured in terms of tonne-kilometres (tkm) of freight moved and tonnes lifted (ie weight loaded onto vehicles at the start of a journey). Measuring freight output solely by these weight-based measures does not reflect the value of the goods being transported and hence the true economic contribution of the transport operation.
29. Measuring freight output by weight also does not take account of volume nor for the fact that in many sectors the average density of freight is declining. Light items can be

very bulky, causing vehicles to 'cube out' before they 'weigh out'. Weight-based utilisation measures can then give the impression that vehicles are under-loaded when, in fact, their deck-area or cubic capacity is fully used. The result is that in statistics average truck utilisation appears to be lower than it actually is.

30. Another area of concern is the definition of load on different modes, as shown in these drawings.

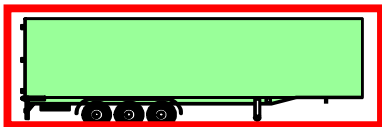
Road



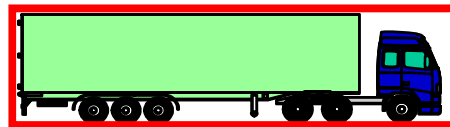
Load ?



Train intermodal



Ferry



31. In the road freight sector, the net payload weight is measured. By contrast, rail freight statistics sometimes quote gross tonne-kilometres, which include the weight of the rolling stock or intermodal unit. Ferry operators also report the gross weight of the truck in their statistical returns. These practices clearly cause inconsistencies in the measurement of freight traffic carried by different modes.

RECOMMENDATIONS

- a. Improve and harmonise data for all transport modes.
- b. Measure freight output by measures other than weight-based (value of goods, cubic volume, etc).



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ABOUT ACEA

ACEA's members are BMW Group, DAF Trucks, Daimler, FIAT, Ford of Europe, Hyundai Motor Europe, IVECO, Jaguar Land Rover, Opel Group, PSA Peugeot Citroën, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, Volvo Group. More information can be found on www.acea.be.

ABOUT THE EU AUTOMOBILE INDUSTRY

- Some 12.7 million people - or 5.8% of the EU employed population - work in the sector.
- The 3.1 million jobs in automotive manufacturing represent 10.3% of EU's manufacturing employment.
- Motor vehicles account for €388.8 billion in tax contribution in the EU15.
- The sector is also a key driver of knowledge and innovation, representing Europe's largest private contributor to R&D, with €32.3 billion invested annually.

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